

CHAPTER NO. 62

SENATE BILL NO. 1984

By Carter

Substituted for: House Bill No. 2021

By Phelan, Pinion

AN ACT To amend Tennessee Code Annotated, Chapter 504 of the Private Acts of 1945, as amended, to authorize and empower Milan Special School district to issue and sell school bonds in an aggregate principal amount of not to exceed \$10,500,000; to provide the form and terms of the bonds; to authorize the refinancing of the bonds; to establish and provide for the payment of the bonds; to provide for the issuance, sale and payment of the bonds and the use and disposition of proceeds from the sale thereof; to provide for the pledge, levy and collection of taxes to pay principal of, premium, if any, and interest on the bonds and to pay costs of operating the Milan Special School district; to change the tax rate applicable to real and personal property located within the Milan Special School district; and to authorize the issuance of notes in anticipation of the issuance and sale of the bonds.

WHEREAS, The board of education of the Milan Special School district desires to provide adequate educational facilities and equipment, and improve the educational programs, for children residing in the district; and

WHEREAS, The district has developed a capital improvements and financial plan to meet these requirements and needs; and

WHEREAS, Interest rates for borrowing capital funds for governmental entities are at historic lows, thereby providing for lower annual payments to meet these requirements and needs; and

WHEREAS, The district has developed a budget for operating the schools within the district, and such budget requires additional tax revenues.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Milan Special School district, located in Gibson County, Tennessee (the "district"), created by Chapter 504 of the Private Acts of 1945, as amended by Chapters 82 and 182 of the Private Acts of 1981, Chapter 234 of the Private Acts of 1984, Chapter 138 of the Private Acts of 1991, Chapter 136 of the Private Acts of 1994, Chapter 17 of the Private Acts of 1997, and all other acts amendatory thereto, if any, (the "act of incorporation") is hereby authorized and empowered to issue and sell, by resolution of the board of education of the district, bonds in the aggregate principal amount of not to exceed \$10,500,000 for the purpose of providing funds:

(1) for the construction, improvement, renovation, expansion, furnishing, fixturing and equipping of school buildings and facilities, and additions thereto, in and for the district, including the purchase of all property, real and personal, or interests therein, necessary in connection with such work;

(2) for the funding of all accounts and funds necessary and proper in connection with the issuance and sale of the bonds as the board of education of the district shall determine;

(3) for the payment of interest on the bonds during the period of construction and for six (6) months thereafter; and

(4) for the payment of all legal, fiscal, administrative, architectural, engineering, accounting and similar professional and other costs incident thereto and to the issuance and sale of the bonds.

SECTION 2. The bonds may be sold in one (1) or more series, may bear such date or dates, shall mature at such time or times, not exceeding thirty (30) years from their respective dated dates, may bear interest at a zero rate or at such other rate or rates (which may vary from time to time), may be payable at such time or times, may be in such denominations, may carry such registration and conversion privileges, may be issued in certificated or book-entry form, may be executed in such manner, may be payable in such medium of payment at such place or places, may be subject to such terms of redemption, with or without premium and may provide for the replacement of mutilated, destroyed or lost bonds, all as may be provided by resolution of the district's board of education. The bonds shall be sold as a whole or in part from time to time in such manner as shall be provided by resolution of the district's board of education, but in no event shall the bonds be sold for less than 98% of par plus accrued interest (or, if all or any part of such bonds is to be sold at a zero rate of interest or at an original issue discount, such bonds may be sold at not less than 98% of the original reoffering price of such bonds, plus accrued interest). The board of education of the district is authorized and empowered to do and perform all acts and enter into all agreements which may be necessary or desirable in connection with the issuance and sale of the bonds and delegate the power to consummate all such acts and execute and implement all such agreements on its behalf as the board of education shall deem necessary or desirable.

SECTION 3. The bonds shall be issued in fully registered form and shall be signed and sealed as provided in the Tennessee Public Obligations Registration Act and in the resolution adopted by the district's board of education authorizing the bonds.

SECTION 4. The board of education is hereby authorized to pledge the revenues received from the tax authorized herein to pay the principal of, and interest and any redemption premiums on, the bonds authorized herein and any other indebtedness of the district. The proceeds of the taxes, when collected, shall be deposited to the general operating fund of the district, and the district shall, as part of the annual budgeting process, appropriate sufficient funds to pay principal of, and interest on, the bonds and notes authorized hereby. In the event property taxes and such other funds as shall be pledged to the payment of the indebtedness of the district are not sufficient to pay principal thereof, and interest thereon, when due, the district shall apply funds from operations or other available funds of the district to the payment thereof.

SECTION 5. (a) For the purpose of paying principal of, and interest and any redemption premiums on, the bonds herein authorized and any other indebtedness of the district, and for the purpose of providing for the payment of costs of operating the schools of the district, there is hereby levied, in addition to the tax levied by authority of Chapter 504 of the Private Acts of 1945, as amended, a property tax of \$0.59 on every \$100 of real and

personal property located within the district, such tax to take effect January 1, 2001 for the 2001 tax year and each tax year thereafter.

(b) The taxes shall be annually extended and collected by the County Trustee of Gibson County in the manner provided by general law for the extension and collection of county taxes and shall constitute a lien on the property against which they are levied with the like force and effect as do county taxes. The rate hereinabove established may be adjusted from time to time in accordance with the procedure set forth in Section 67-5-1704, Tennessee Code Annotated, relating to county-wide reappraisal.

(c) In addition, in the event the total assessed value of all property subject to the tax hereinabove described declines by more than 10% from January 1 of any year to January 1 of the next succeeding year or declines by more than 15% from January 1 of any year to January 1 of the second succeeding year thereafter, at the request of the board of education, the county assessor of property shall certify to the county trustee and the board of education of the district the total assessed value of taxable property within the district and furnish the county trustee and the board of education an estimate of the total assessed value of all new construction and improvements not included on the assessment roll of the base year and all deletions from the assessment roll of the base year. Upon receipt of this information and certifications, the county trustee shall adjust the tax rate established herein to an adjusted rate which is estimated to provide to the district the same tax revenue as was provided by the tax in the base year, exclusive of such new construction, improvements and deletions, in accordance with policies established by the state board of equalization pursuant to Section 67-5-1701(b), Tennessee Code Annotated, or any successor thereto.

(d) Except as set forth below, these taxes shall be used exclusively to pay principal of, and interest on, the bonds authorized herein and any other indebtedness of the district as they come due. Any amounts arising from the tax hereinabove described and not required for the payment of debt service on the bonds authorized herein and other indebtedness of the district in excess of the principal and interest requirements on the bonds authorized herein and other indebtedness of the district for the next succeeding fiscal year may be used, at the discretion of the board of education of the district, for the construction, improvement, renovation, expansion, furnishing, fixturing and equipping of school buildings and facilities, and additions thereto, in and for the district, including the purchase of all property, real and personal, or interests therein, necessary in connection with such work, and the purchase of school buses and school transportation equipment, and all other operations and maintenance of schools in the district.

SECTION 6. The board of education is authorized to pledge to the payment of the bonds all or a portion of:

(1) any funds received by the district under the Tennessee Basic Education Program available to be used for capital outlay expenditures, as set forth in Section 49-3-351 et seq., Tennessee Code Annotated, and related sections;

(2) its share of the local option sales and use tax now or hereafter levied and collected in Gibson County, Tennessee, pursuant to Section 67-6-712, Tennessee Code Annotated; and

(3) any other funds received from the State of Tennessee, or any of its authorities, agencies or instrumentalities, for school purposes and available to be used for capital outlay expenditures.

SECTION 7. The bonds, and all income therefrom, shall be exempt from all state, county and municipal taxation in the State of Tennessee, except inheritance, transfer and estate taxes and except as otherwise provided by applicable law.

SECTION 8. The district is further authorized, by resolution of the board of education, to borrow money and issue its bonds for the purpose of refunding the bonds authorized herein, at or prior to maturity, in whole or in part, at any time, in accordance with the terms hereof.

SECTION 9. The district is further authorized, by resolution of the board of education, to issue and sell notes of the district in anticipation of the issuance of the bonds authorized herein. The notes may be sold in one or more series, may bear such date or dates, shall mature at such time or times, not exceeding three (3) years from their respective dated dates, may bear interest at such rate or rates (which may vary from time to time), may be payable at such time or times, may be in such denominations, may carry such registration and conversion privileges, may be executed in such manner, may be payable in such medium of payment at such place or places, may be subject to such terms of redemption, with or without premium, and may provide for the replacement of mutilated, destroyed or lost notes, all as may be provided by resolution of the board of education. The notes shall be sold as a whole or in part from time to time in such manner as shall be provided by resolution of the board of education. The board of education of the district is authorized and empowered to do and perform all acts and enter into all agreements which may be necessary or desirable in connection with the issuance and sale of the notes and delegate the power to consummate all such acts and execute and implement all such agreements on its behalf as the board of education shall deem necessary or desirable.


SECTION 10. In the event that the laws creating the district are repealed or the district is abolished, that portion of such laws levying a tax, the proceeds of which are pledged to the payment of outstanding bonds and indebtedness of the district, shall remain in full force and effect with respect to the real and personal property within the district to the extent necessary to satisfy the district's debt service requirements with respect to these bonds and indebtedness, and the outstanding bonds and indebtedness of the district shall remain binding and valid obligations of the district the same to be paid out of funds collected in respect of the tax herein authorized. In such event, the remaining tax shall continue to be collected by the Gibson County trustee and funds collected in respect thereof shall be paid in respect of the district's outstanding bonds and indebtedness by the district until such bonds and indebtedness have been paid in full; provided that, if a county-wide property tax is enacted for school purposes by the Gibson County Board of County Commissioners and the proceeds thereof are distributed to the district in such a way as to be available to pay principal of, and interest and redemption premiums on, the bonds and other indebtedness, or other funds are available to pay the principal, premium and interest, the tax herein levied may be reduced by the board of education to an amount which, together with other taxes and funds, is sufficient to pay the principal, premium and interest.

SECTION 11. If any provision(s) of this act or the application thereof shall be held by any court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this act and the application of such provisions shall not be affected thereby, shall be enforced to the greatest extent permitted by law and are declared to be severable.

SECTION 12. This act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: June 11, 2001


JOHN S. WILDER
SPEAKER OF THE SENATE


JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this day of 2001

DON SUNDQUIST, GOVERNOR

Pursuant to Article III, Section 18, of the Constitution of the State of Tennessee, the Governor had Senate Bill No. 1984 in his possession longer than ten (10) days, so therefore the bill becomes law without the Governor's signature.